Executive Summary Report

Appraisal Date 1/1/05 - 2005 Assessment Roll

Specialty Name: High-Tech/Flex Properties

Sales – Improved Analysis Summary:
Number of Sales: 15
Range of Sales Dates: 10/02 - 04/05

Sales – Ratio Study Summary:

	Mean Assessed Value	Mean Sale Price	Ratio	COV*
2004 Value	$10,136,200	$10,685,600	94.9%	13.47%
2005Value	$10,111,100	$10,685,600	94.6%	9.25%
Change	-$ 25,100	-	-0.30%	-4.22%
% Change	-0.25%	-	-0.31%	-31.32%

*COV is a measure of uniformity, the lower the number the better the uniformity.
The negative figures of -4.22% and -31.32% represent an improvement.

Sales used in Analysis: All sales verified as good were included in the analysis.

Total Population - Parcel Summary Data:

	Land	Imps	Total
2004 Value	$ 642,383,200	$ 1,586,261,700	$ 2,228,644,900
2005 Value	$ 693,268,500	$ 1,571,928,100	$ 2,265,196,600
Percent Change	+7.92%	- 0.90%	+1.64%

Number of Parcels in the Population: 180

Conclusion and Recommendation:
The total number of the sales sample is noted to be low for standard regression analysis, however since the values recommended in this report improve uniformity, assessment level and equity, we recommend posting them for the 2005 Assessment Roll.

Analysis Process

Specialty

Specialty Area – 510 - High-Tech/Flex Properties

Highest and Best Use Analysis

As if vacant: Market analyses of the area, together with current zoning and current and anticipated use patterns, indicate the highest and best use of the land.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and therefore are the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of $1,000 is assigned to the improvements.

Special Assumptions, Departures and Limiting Conditions

The sales comparison, income and cost approaches to value were considered for this mass appraisal valuation.

The following Departmental guidelines were considered and adhered to:

- Sales from 1/2002 to 12/2004 (at minimum) were considered in the analyses.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of multiple years of market information without time adjustments averaged any changes over that time period.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation: High-Tech/Flex Properties
Boundaries: The properties are located throughout King County but are predominantly situated between Redmond and Bothell/North Creek.

Maps:
A GIS map of the entire area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:
The High-Tech/ Flex Specialty Properties are generally defined as buildings that include a combination of warehouse, light industrial use, and/or office area. The occupants tend to be engaged in a variety of High-Tech enterprises that may include computer software and hardware, telecommunications, medical instrumentations, and corporate offices. The corporate offices of Microsoft, Nintendo, Safeco, and Eddie Bauer are included. The typical building often includes general offices, assembly areas, and/or computer rooms, and generally run above a 40% build-out ratio. The buildings tend to be of higher quality finish and may have multiple fiber optic lines with additional power, mechanical, and communications facilities than are found in typical Business Parks.

For this revalue period, the High-Tech/Flex industry continues to adjust to the overall turmoil in the technology and office market. Vacancy rates continue at historical high levels and lease rates are continuing to show decreases from previous years. Capitalization rates are noted to have remained low in part due to the historically low interest rates. Few new sales have occurred and indicate a mixed market. The result has been a relatively small change in the overall assessed values.

Physical Inspection Area:
Upon review of the assessor's assigned specialty neighborhoods (Areas 510-10, 510-20, & 510-30), 100% of the High/Tech properties have been physically inspected. The assessor will re-commence the 6-year inspection cycle starting in 2006.

Preliminary Ratio Analysis
A Preliminary Ratio Study was done May 2005.
The study included sales of improved parcels and showed a COV of 13.47%.
A Ratio Study was completed after deriving the 2005 assessment year values. The results are included in the validation section of this report and show an improvement in the COV from the previous rate of 13.47% to a new rate of 9.25%.

Land Value

Land Sales, Analysis, Conclusion
The respective geographic appraisers valued all land.
A list of vacant sales used and those considered not reflective of market are included in the geographic appraiser's reports.

Improved Parcel Total Values:

Sales comparison approach model description

The model for sales comparison was based on several data sources from the Assessor's records including LUC (land use code), net rentable area, effective year, condition, and sales price/ rentable area. A search was made on data that most closely fit a subject property within each geographic area. All sales were verified when possible by calling either the purchaser, seller or agent, inquiring in the field, or using the CoStar COMPS services. Characteristic data was verified for all sales if possible. A list of the sales are included within this report.

Sales comparison calibration

After an initial search for comparable sales within each geographic area, a search is made in neighboring areas and expanded to include all of King County if necessary.

Cost approach model description

A cost approach was available using the Marshall & Swift Commercial Estimator. Depreciation was also based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area.

Cost calibration

Each appraiser valuing by cost can individually calibrate Marshall-Swift valuations to specific buildings in our area by accessing the parcel computerized valuation model supplied by Marshall & Swift.

Income capitalization approach model description

The specialty properties are located throughout King County with the concentration falling between Redmond and Bothell, generally referred to as the Technology Corridor. A map showing the Specialty Property sites is included within this report.

Vacancy rates continue to be historically high with variances noted between different neighborhoods. Overall vacancy rates were typically set between 11% and 15%. Individual building rate adjustments were made to reflect unusual tenant conditions and changes.

Office rents were valued on a triple-net basis with a breakout of the office/warehouse components. Rents varied per neighborhood and were typically between $12 to $16 NRA for office space and $5.50 to $7.50 NRA ($.46-$.63 NRA per month) for warehouse space. Individual adjustments were made to reflect the buildings location, age, and condition.

Capitalization rates typically ranged form 8% to 9% and a uniform 10% was applied for expenses.

The Income tables within this area summary report were included to demonstrate typical Income parameters (Rents, Vacancy, Expenses, Cap. Rates) used for High-Tech / Flex buildings. The individual property valuation analysis for the High-Tech specialty is available within Assessor records.

Income approach calibration

The models were calibrated after setting the base rents by using adjustments based on size, effective age, construction class and quality as recorded in the Assessor's records. Properties were valued based on the income tables included within this report. The individual property valuation information is available within Assessor records. Additional factors considered were excess land, economic units, or unique features with the property.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

The values for all parcels were individually reviewed by the speciality appraiser before the final value was selected.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust particular characteristics and conditions as they occur in the valuation area.

The Speciality Appraiser recommends application of the Appraiser selected values, as indicated by the appropriate model or method.

The total assessed value for the 2004 assessment year for High-Tech properties was $2,228,644,900. The total assessed value for the new 2005 assessment year is $2,265,196,600. The total increased by $36,551,700.

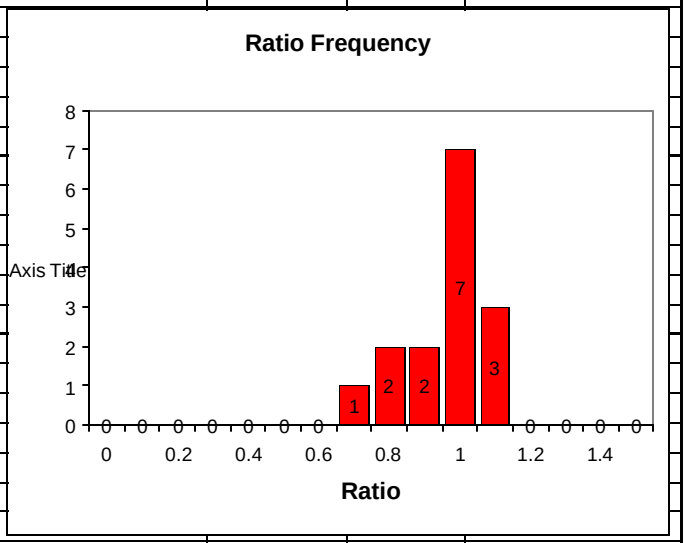
Application of the values for the 2005 assessment year (taxes payable in 2006) results in an average total increase from the 2004 assessments of +1.64%.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the appropriate district office.

Improvement Ratio Study (Before Revalue)
2004 Assessments

Quadrant/Crew:	*Lien Date:*	*Date:*		*Sales Dates:*	
East Crew	**1/1/2004**	**5/10/2005**		**10/09/02 - 04/06/05**	
Area	*Appr ID:*	*Prop Type:*		*Trend used?: Y / N*	
510-000	**STRO**	**Improvement**		**N**	
SAMPLE STATISTICS					
Sample size (n)	15				
Mean Assessed Value	10,136,200				
Mean Sales Price	10,685,600				
Standard Deviation AV	10,885,115				
Standard Deviation SP	10,797,943				
ASSESSMENT LEVEL					
Arithmetic mean ratio	0.907				
Median Ratio	0.939				
Weighted Mean Ratio	0.949				
UNIFORMITY					
Lowest ratio	0.6004				
Highest ratio:	1.0800				
Coeffient of Dispersion	8.91%				
Standard Deviation	0.1222				
Coefficient of Variation	13.47%				
Price-related Differential	0.96				
RELIABILITY					
95% Confidence: Median					
Lower limit	0.850				
Upper limit	0.977				
95% Confidence: Mean					
Lower limit	0.845				
Upper limit	0.969				
SAMPLE SIZE EVALUATION					
N (population size)	180				
B (acceptable error - in decimal)	0.05				
S (estimated from this sample)	0.1222				
Recommended minimum:	21				
Actual sample size:	15				
Conclusion:	Uh-oh				
NORMALITY					
Binomial Test					
# ratios below mean:	6				
# ratios above mean:	9				
z:	0.516397779				
Conclusion:	***Normal****				

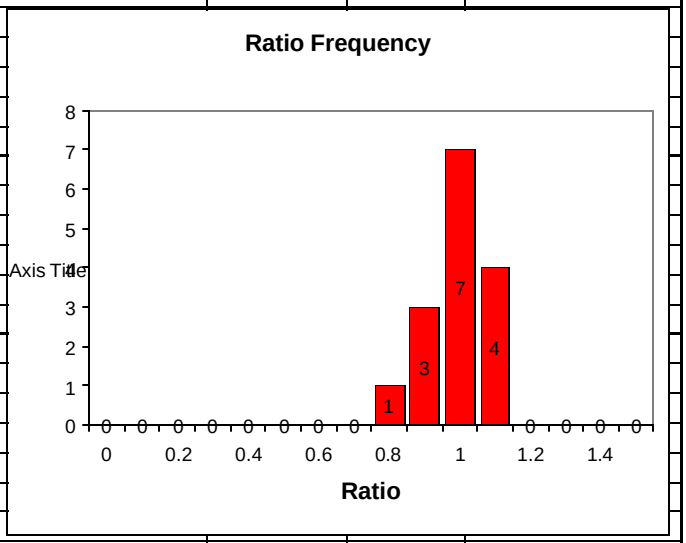
*i.e., no evidence of non-normality



These figures reflect measurments before posting new values

Improvement Ratio Study (After Revalue)
2005 Assessments

Quadrant/Crew:	*Lien Date:*	*Date:*		*Sales Dates:*	
East Crew	**1/1/2005**	**5/10/2005**		**10/09/02 - 04/06/05**	
Area	*Appr ID:*	*Prop Type:*		*Trend used?: Y / N*	
510-000	**STRO**	**Improvement**		**N**	
SAMPLE STATISTICS					
Sample size (n)	15				
Mean Assessed Value	10,111,100				
Mean Sales Price	10,685,600				
Standard Deviation AV	10,287,476				
Standard Deviation SP	10,797,943				
ASSESSMENT LEVEL					
Arithmetic mean ratio	0.938				
Median Ratio	0.940				
Weighted Mean Ratio	0.946				
UNIFORMITY					
Lowest ratio	0.7687				
Highest ratio:	1.0821				
Coeffient of Dispersion	6.73%				
Standard Deviation	0.0868				
Coefficient of Variation	9.25%				
Price-related Differential	0.99				
RELIABILITY					
95% Confidence: Median					
Lower limit	0.900				
Upper limit	1.005				
95% Confidence: Mean					
Lower limit	0.894				
Upper limit	0.982				
SAMPLE SIZE EVALUATION					
N (population size)	180				
B (acceptable error - in decimal)	0.05				
S (estimated from this sample)	0.0868				
Recommended minimum:	11				
Actual sample size:	15				
Conclusion:	OK				
NORMALITY					
Binomial Test					
# ratios below mean:	7				
# ratios above mean:	8				
z:	0				
Conclusion:	***Normal****				
*i.e., no evidence of non-normality					



These figures reflect measurments after posting new values.

Improvement Sales Used for High -Tech – Specialty 510

Sales Used:

Sale	Geo Area	Geo Nbhd	Spec Area	Spec Nbhd	Parcel Nbr	Sale Date	Excise Tax Nbr	Sale Price	Verified Sale Price	Lot Size	Gross Bldg Area	Rentable Bldg Area	Year Built	Price/SF	% Office
1	60	10	510	30	030150-0160	4/6/2005	2113695	$ 8,700,000	**$ 8,700,000**	365,340	116,538	100,980	1989	**$ 86.16**	**100.00%**
2	90	45	510	10	720170-0080	10/7/2004	2075175	$ 3,800,000	**$ 3,800,000**	89,132	35,573	35,573	1979	**$ 106.82**	**23.84%**
3	90	60	510	20	644830-0095	10/1/2004	2074223	$ 4,300,000	**$ 4,300,000**	100,098	28,920	28,920	1979	**$ 148.69**	**78.42%**
4	90	60	510	20	644830-	8/10/2004	2062209	$ 38,000,000	**$ 38,000,000**	686,188	317,461	248,244	1995	**$ 153.08**	**100.00%**
5	90	69	510	20	644830-0080	7/19/2004	2055598	$ 4,270,500	**$ 4,270,500**	72,063	21,882	21,882	1985	**$ 195.16**	**87.14%**
6	90	30	510	10	697950-0020	7/12/2004	2054350	$ 11,000,000	**$ 11,000,000**	130,680	65,080	65,080	1977	**$ 169.02**	**80.00%**
7	90	30	510	10	272605-	5/28/2004	2043361	$ 13,800,000	**$ 13,800,000**	254,826	145,343	131,159	1986	**$ 105.22**	**51.29%**
8	90	60	510	20	644830-0100	3/29/2004	2027259	$ 6,073,336	**$ 6,073,336**	99,353	45,520	40,340	1977	**$ 150.55**	**72.07%**
9	90	60	510	20	644830-0030	1/8/2004	2012365	$ 5,295,000	**$ 5,295,000**	96,968	41,176	41,176	1990	**$ 128.59**	**66.21%**
10	90	45	510	10	720170-0071	12/8/2003	2008278	$ 1,065,000	**$ 1,065,000**	30,100	12,242	12,242	1980	**$ 87.00**	**15.68%**
11	90	45	510	10	720170-0070	8/20/2003	1981557	$ 1,657,800	**$ 1,657,800**	34,865	16,578	16,578	1977	**$ 100.00**	**13.46%**
12	90	60	510	20	142505-9020	12/30/2002	1931077	$ 13,350,000	**$ 13,350,000**	332,362	170,470	143,837	1981	**$ 92.81**	**65.31%**
13	90	45	510	10	720100-	12/5/2002	1927256	$ 15,292,000	**$ 15,292,000**	393,931	126,169	126,169	1983	**$ 121.20**	**65.43%**
14	90	10	510	10	697930-	12/5/2002	1927252	$ 31,240,000	**$ 31,240,000**	588,998	205,392	205,392	1987	**$ 152.10**	**82.97%**
15	90	60	510	20	232505-9038	10/9/2002	1914709	$ 2,440,000	**$ 2,440,000**	100,417	29,649	29,649	1974	**$ 82.30**	**20.28%**
16	90	45	510	10	720170-	5/31/2001	1821242	$ 5,850,000	**$ 5,850,000**	89,132	59,244	59,244	1979	**$ 98.74**	**13.49%**
17	90	45	510	10	928690-	4/4/2001	1810472	$ 18,737,555	**$ 18,737,555**	409,442	144,910	144,910	1985	**$ 129.30**	**60.17%**
18	95	20	510	20	212406-9003	3/21/2001	1806614	$ 18,518,851	**$ 18,518,851**	203,425	94,393	93,036	1987	**$ 199.05**	**83.49%**
19	95	20	510	20	212406-9131	3/21/2001	1806615	$ 20,933,979	**$ 20,933,979**	246,114	102,585	102,585	1992	**$ 204.06**	**94.20%**
20	90	10	510	10	697920-0230	1/17/2001	1796842	$ 8,600,000	**$ 8,600,000**	186,745	59,830	59,475	1991	**$ 144.60**	**80.12%**
21	90	30	510	10	697950-0040	12/15/2000	1792015	$ 9,250,000	**$ 9,250,000**	148,975	105,120	53,000	2000	**$ 174.53**	**100.00%**
22	95	20	510	20	212406-9132	10/1/2000	1780232	$ 17,961,132	**$ 17,961,132**	997,705	133,960	133,960	1994	**$ 134.08**	**66.88%**
23	80	70	510	10	109910-	8/21/2000	1773533	$ 13,050,000	**$ 13,050,000**	243,463	200,992	200,992	1981	**$ 64.93**	**18.54%**
24	90	30	510	10	697950-0050	6/8/2000	1758761	$ 11,719,140	**$ 11,719,140**	215,186	62,190	62,190	2000	**$ 188.44**	**100.00%**
25	90	45	510	10	720170-	5/8/2000	1752266	$ 5,000,000	**$ 5,000,000**	154,097	59,244	59,244	1977	**$ 84.40**	**13.49%**
26	90	25	510	10	152605-9075	4/24/2000	1748787	$ 3,680,000	**$ 3,680,000**	117,339	33,494	32,059	1979	**$ 114.79**	**56.41%**
27	90	45	510	10	943050-0010	4/20/2000	1748290	$ 7,600,000	**$ 7,600,000**	49,942	43,526	43,526	1996	**$ 174.61**	**71.77%**
28	95	20	510	20	362930-0020	12/10/1999	1727113	$ 7,050,000	**$ 7,050,000**	209,644	53,555	52,686	1987	**$ 133.81**	**83.80%**
29	90	30	510	10	272605-	8/31/1999	1707628	$ 14,650,000	**$ 14,650,000**	254,826	145,343	131,159	1986	**$ 111.70**	**51.29%**
30	70	20	510	30	334040-3805	7/20/1999	1699415	$ 2,800,000	**$ 2,800,000**	81,938	40,059	40,059	1992	**$ 69.90**	**6.43%**
31	60	10	510	30	030150-0160	7/12/1999	1698434	$ 8,299,499	**$ 8,299,499**	365,340	116,538	100,980	1989	**$ 82.19**	**100.00%**
32	90	15	510	10	032605-9110	6/7/1999	1690843	$ 2,675,000	**$ 2,675,000**	82,514	35,660	35,660	1982	**$ 75.01**	**43.21%**
33	90	10	510	10	392700-	6/3/1999	1690072	$ 11,275,000	**$ 11,275,000**	278,751	74,751	74,751	1987	**$ 150.83**	**78.43%**
34	90	30	510	10	943005-0040	3/30/1999	1675758	$ 10,663,732	**$ 10,663,732**	494,643	80,750	80,750	0	**$ 132.06**	**100.00%**